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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

Strengthening of the National Textile Corporation (TEXCO) (URT/78/018)

Report of the Administrator*

Date of present approval:	June 1979
Starting date of project activities:	September 1978 (Including previous assistance)
Planned completion date:	June 1982
To be executed by:	United Nations Industrial Development Organization (UNIDO)
Government implementing agency:	Ministry of Industries (National Textile Corporation)
Estimated cost of assistance planned under present approval:	$901 000
Source of UNDP financing:	Indicative Planning Figure (IPF)

I. Background

1. The Government of Tanzania's Third Five-Year Development Plan puts emphasis on the need to increase industrial production in order to satisfy the basic needs of the population, such as food, shelter and clothing. The textile industry is the largest industry sub-sector of the country, but there is need to add to the existing capacity and also to improve capacity utilization in the existing mills, if the target of 120 million metres in output by 1981 is to be reached.

2. A loan from the International Bank for Reconstruction and Development (World Bank) of $25 million and credit of $20 million from the International Development Association (IDA) have been granted to finance the establishment of a new integrated cotton/polyester factory at Morogoro. Improvement in capacity utilization is also to be attained through

*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of $250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

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a study that has been entrusted to an external consulting firm, TEXCATE. To ensure a satisfactory outcome in these transactions, however, the National Textile Corporation (TEXCO) which is the holding company for all the textile mills in the public sector, would require considerable strengthening in its technical capacity, and UNDP assistance is being sought for such a purpose.

3. The project document was prepared by a UNDP-financed Preparatory Assistance mission in September 1978. After analyzing the present deficiencies in the mills, the mission recommended that the measures required to effect improvements should include the provision of a team of OPAS experts to be attached to TEXCO to monitor and supervise the TEXCATE study and help implement its final recommendations.

II. Objectives and activities

4. The immediate objectives of the project are to: (a) strengthen TEXCO's technical capability to exercise its supervisory function over its textile factories; (b) assist it to effectively control the work of the expatriate management teams contracted to manage its factories; (c) help it monitor the capacity utilization and productivity improvement study to be carried out by an expatriate consulting firm (TEXCATE). (d) further assist TEXCO in implementing TEXCATE's recommendations; (e) conduct training programmes and on-the-job training for the local staff and formulate plans for a National Textile Institute to cater for future training needs; and (f) assist TEXCO in improving the distribution systems for fabric production.

III. Inputs

5. Under the assistance now approved UNDP will provide, through the Executing Agency, the services of a textile institute adviser and five OPAS experts in the fields of cotton textile technology, industrial engineering, cotton, finance, textile training and marketing; training, equipment and miscellaneous operating costs.

6. The Government will provide the necessary national staff and premises for the proposed project.

IV. Financial data

7. The expenditure components of the planned assistance are as follows:

	Previously approved	Present approval	Total approved
	$	$	$
Personnel	15 000	853 600	868 600
Training	-	7 400	7 400
Equipment	-	35 000	35 000
Miscellaneous	-	5 000	5 000
	15 000	901 000	916 000

8. The estimated total value, expressed in US dollars, of inputs provided directly by the Government to the project is $84,200 in kind.

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